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# Office of Legislative Auditor

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## About This Informational Report

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This report provides the results of our limited review of the availability of selected information from state agencies and universities ("agencies") regarding professional, personal, consulting, and social services contracts. We conducted this limited review under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. We conducted this work as part of our review of contracting in the State of Louisiana.<sup>1</sup> As a result of legislative interest, we focused our work on the availability of contract information. Our work covered the time period from May 2010 through July 2010. Appendix A includes a description of the procedures we conducted.

We did not conduct this work in accordance with generally accepted government auditing standards. Because of the nature of this project and time constraints, we did not assess the quality of the information we received. Rather, we focused on whether this information is available. For example, if selected information was not available in official agency contract files, we determined whether this information was available from another source.

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## Contract Elements Reviewed

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To conduct our review, we first developed a list of contract elements that should be readily available based on legislative interest and state law.<sup>2</sup> As shown in Exhibit 1, we identified 21 specific contract elements. We then sampled 22 contracts from seven state agencies to determine if these contract elements were readily available. See the methodology section in Appendix A for more detail. We present our observations related to cost-benefit analyses separate from the other 20 contract elements because current state law includes requirements specific to cost-benefit analyses.

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<sup>1</sup> We published a report in May 2010 that provided data regarding active contracts included in the Contract Financial Management System (CFMS).

<sup>2</sup> Using professional judgment and knowledge of contracting practices, we also added contractor selection method.

<b>Exhibit 1 Contract Elements</b>	
1.	Name of contracting agency or university
2.	Name of the office or program
3.	If amended, nature and reason why
4.	Name of contractor
5.	Indication of use of contractor within last five years
6.	If used in last five years, indication of performance. If unsatisfactory, why?
7.	Start and end dates
8.	Amount of contract
9.	Cost basis
10.	Assessment and explanation of whether contract is competitively priced
11.	Justification of need
12.	Justification for outsourcing
13.	Request for Proposals (RFP) publication requirement/contractor selection
14.	Objectives/ultimate use
15.	Scope of service
16.	Population served
17.	Deliverables
18.	Due date of each deliverable
19.	Contract monitor/monitoring plan/periodic review of performance
20.	Cost-benefit analysis
21.	Office of Contractual Review (OCR) review - if not, why?
<b>Source:</b> Prepared by legislative auditor's staff using R.S. 39:1497 and legislative interest.	

**Availability of Cost-Benefit Analyses**

Overall, the seven agencies in our sample were able to provide us with evidence of conducting cost-benefit analyses, when a cost-benefit analysis was required by state law.<sup>3</sup> Eleven (50%) of the 22 contracts we reviewed required a cost-benefit analysis. Of these 11 contracts:

- Seven contracts (63.6%) had documented evidence of a cost-benefit analysis available for review.
- For the remaining four contracts (36.4%), agencies described the process and results of the cost-benefit analysis, but did not provide documented evidence of the cost-benefit analysis.

Two agencies in our sample, the Department of Natural Resources (DNR) and the Department of Education (DOE), had documented evidence of cost-benefit analyses available for contracts we reviewed, even when not required by state law.<sup>4</sup>

<sup>3</sup> According to R.S. 39:1497, for contracts greater than \$50,000 with a length greater than six months, agencies certify to OCR that a cost-benefit analysis has been conducted.

<sup>4</sup> Included in the sample of 22 contracts we reviewed.

When the law requires a cost-benefit analysis to be completed, it does not require this cost-benefit analysis to be formally documented. Because of the nature of this project and time constraints, we did not assess the quality of the cost-benefit analyses we reviewed. The law also does not require certification that the agency has conducted a cost-benefit analysis when a contract amendment subjects the contract to this requirement.<sup>5</sup> We have notified OCR of our observations, as this office has oversight of the requirements included in state law.

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### Availability of Other Contract Elements

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Agencies were able to provide information for the 20 remaining contract elements listed in Exhibit 1 (not including the cost-benefit analysis) for each of the 22 contracts we reviewed, as applicable.<sup>6</sup> Agencies used a variety of methods to provide us with this information. For example, some elements were documented in the contract itself or in another document provided to us by the agency. We also obtained some contract elements through e-mail correspondence and conversations with agency staff. Because of the nature of this project and time constraints, we did not assess the quality of this information; rather, we assessed whether this information was available.

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<sup>5</sup> That is, if the contract is amended to be greater than \$50,000 with a term over six months.

<sup>6</sup> For some contracts we reviewed, deliverables and deliverable due dates are not applicable because of the nature of the services provided (e.g., ongoing services that do not list tangible deliverables known in advance).

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## APPENDIX A: PROJECT METHODOLOGY

To answer our objective, we conducted the following procedures:

- We determined the order in which we planned to visit agencies. Using CFMS data current as of February 10, 2010, we grouped agencies into three tiers based on the total number of active contracts (high, medium, and low). We selected one agency from each tier until all agencies were selected. We grouped higher education boards into the first tier to determine the extent to which we would need to schedule meetings with individual campuses under each board's oversight. Because of time constraints, we limited our review to the first seven agencies that were available to schedule us for site visits. The seven agencies (or universities) included in our sample are:
  - Department of Education
  - Department of Environmental Quality
  - Department of Health and Hospitals
  - Department of Natural Resources
  - Louisiana Community and Technical College System
  - Southern University System (including Baton Rouge campus)
  - University of Louisiana System
- Next, we selected the contracts to sample at each agency. Using CFMS data current as of February 10, 2010, we grouped each agency's contracts into three tiers based on the total dollar value of the contract (high, medium, and low). For each of the seven agencies, we selected one contract from each of these tiers to review. We reviewed at least three contracts at each agency for a total of 22 contracts. (We reviewed four contracts at Southern University, including two from the Baton Rouge campus and two from the Southern University System.)
- For each of the seven agencies, we conducted an initial site visit, where we gathered information regarding the agency's internal contracting practices and obtained contract files.
- We created a list of specific items to gather from each agency's contract files based on the following sources:
  - Agency certification letters (R.S. 39:1497)
  - Recent legislative interest

## AVAILABILITY OF SELECTED CONTRACT INFORMATION

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- Using professional judgment and knowledge of contracting practices, we also added contractor selection method
- We compared agency contract files, including the contract itself and other documentation maintained in the file, to the list of specific items to determine the availability of this information.
- Finally, we held an additional meeting with each of the seven agencies to confirm the availability of this information and obtain additional documentation or information if available. In some cases, we exchanged additional follow-up e-mails as well.

FOR QUESTIONS RELATED TO THIS INFORMATIONAL REPORT,  
CONTACT EMILY WILSON, PERFORMANCE AUDIT MANAGER,  
AT 225-339-3800.

A copy of this report is available at our Web site [www.lla.la.gov](http://www.lla.la.gov).

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

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